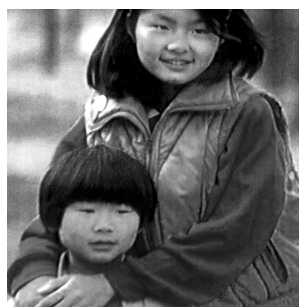




STRENGTHENING THE SAFETY NET

A FINANCIAL ANALYSIS OF NEW HAMPSHIRE'S COMMUNITY HEALTH CENTERS

Neighborhood Health Center of Greater Nashua (now Lamprey Health Care)



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Neighborhood Health Center of Greater Nashua (now Lamprey Health Care) Financial Analysis 1993-1999 ¹

Summary

Operating losses in 1998 and 1999 for Neighborhood Health Center of Greater Nashua have depleted net assets and challenged the going-concern of the organization. 47.2% of the organization's cash flows have gone to support this operating loss, and the primary source of the cash flows were from accounts payable and accrued expenses. Neighborhood Health Center of Greater Nashua is currently seeking outside funding to support its operations and remain solvent.

Cash Flows

Cash sources include accounts payable and accrued expenses (47.6%) and a line of credit drawn upon in 1997 and 1998 (23.0%). This cash has primarily been used to support a loss in operations (47.2%) and to purchase property, plant and equipment (PP&E) (14.5%). 17.1% of cash has been used to finance an increase in accounts receivable.

Profitability, Liquidity and Solvency

Between the years 1993 to 1997, Neighborhood Health Center had a steady operating margin, ranging from 1% to 3%. However, the organization reports that as 70% of the payer mix is uninsured patients, it is no longer able to support operations. Funding is being sought to remain solvent, and the organization is seeking forgiveness of accounts payable from vendors. In 1999, Neighborhood Health Center was technically bankrupt, with a current ratio of 0.8.

Source: Audited Financial Statements. Prepared by Jennifer Scott, Paul Giaudrone, and Hyun Ryu under the supervision of Nancy Kane, DBA, Harvard School of Public Health.

¹ As of September, 2000 the Neighborhood Health Center ceased to exist as an independent entity and became part of Lamprey Health Care, Inc. Lamprey (a FQHC) received Section 330 expansion funds (from HRSA/Bureau of Primary Health Care) and a Community Grant Program award (through the NH Department of Health and Human Services) to help it accomplish this consolidation.